

50

February 21, 1980

0-052A050

RECORDATION NO. 70-19 Filed 1425 ~~FEB 21 1980~~
Date 50.00
FEB 21 1980 - 12 50 PM

Interstate Commerce Commission
Washington, D. C.

Gentlemen:

INTERSTATE COMMERCE COMMISSION
CC Washington, D. C.

Enclosed for recordation under the provisions of 49 USC 11303 (formerly Section 20c of the Interstate Commerce Act), as amended, are three executed counterparts of a Security Agreement-Trust Deed dated as of December 15, 1979.

The Security Agreement-Trust Deed covers the Charter Agreement dated as of December 15, 1979 (the "Charter") between Trust Company for USL, Inc., an Illinois trust company, as Trustee of CMC Trust No. 79-1, and Columbia Common Carriers, Inc., a Delaware corporation. The Charter covers six (6) 282' x 42' x 16'6" grain/oil barges manufactured by Bethlehem Steel Corporation, having, respectively, the following names: 700, 701, 702, 703, 704 and 705.

The names and addresses of the parties are:

Debtor under Security Agreement-Trust Deed: Trust Company for USL, Inc., as Trustee of CMC Trust No. 79-1
1211 West 22nd Street
Oak Brook, Illinois 60521

Secured Party under Security Agreement-Trust Deed: Wells Fargo Bank, National Association
475 Sansome Street
San Francisco, California 94144

The undersigned is the Debtor under the Security Agreement-Trust Deed and has knowledge of the matters set forth therein.

Please return two counterparts of the Security Agreement-Trust Deed to Robert P. Davis, Chapman and Cutler, 111 West Monroe Street, Chicago, Illinois 60603.

Enclosed is a check in the amount of \$50.00 covering the required recording fee.

Very truly yours,

TRUST COMPANY FOR USL, INC., as
Trustee of CMC Trust No. 79-1

By [Signature]
Its Vice President

Robert P. Davis

Interstate Commerce Commission
Washington, D.C. 20423

2/21/80

OFFICE OF THE SECRETARY

Robert P. Davis
Chapman & Cutler
111 West Monroe Street
Chicago, Illinois 60603

Dear

Sir:

The enclosed document(s) was recorded pursuant to the provisions of Section 11303 of the Interstate Commerce Act, 49 U.S.C. 11303, on 2/21/80 at 12:50am, and assigned re-
recording number(s).

W-18

Sincerely yours,

Agatha L. Mergenovich
Agatha L. Mergenovich
Secretary

Enclosure(s)

SE-30
(7/79)

RECORDATION NO. 76-19 Filed 1425

FEB 21 1980 - 12 50 PM

INTERSTATE COMMERCE COMMISSION

SECURITY AGREEMENT-TRUST DEED

Dated as of December 15, 1979

BETWEEN

TRUST COMPANY FOR USL, INC.,
not in its personal or corporate capacity
but solely as Trustee

AND

WELLS FARGO BANK, NATIONAL ASSOCIATION,
as Secured Party

(CMC Trust No. 79-1)

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SECURITY AGREEMENT-TRUST DEED

THIS SECURITY AGREEMENT-TRUST DEED (the or this "Security Agreement"), dated as of December 15, 1979, between TRUST COMPANY FOR USL, INC., an Illinois trust company, not in its personal or corporate capacity but solely as Trustee (the "Trustee") under Trust Agreement dated as of December 1, 1979, as amended and restated as of December 15, 1979 (the "Trust Agreement"), entered into with The First National Bank of Saint Paul and First National Bank of Muscatine (the "Trustors"), and WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association (the "Secured Party");

W I T N E S S E T H:

WHEREAS, the Trustee and Pacific Mutual Life Insurance Company (the "Lender") have entered into a Loan Agreement dated as of December 15, 1979 (the "Loan Agreement"), providing for the commitment of the Lender to make loans to the Trustee in an aggregate principal amount of not more than \$5,799,393 to be evidenced by the 12.25% Secured Notes (the "Notes") of the Trustee, said Notes to bear interest at the rate of 12.25% per annum prior to maturity and to be otherwise substantially in the form attached as Exhibit 1 to the form of Mortgage attached to the Loan Agreement as Exhibit B; and

WHEREAS, the Trustee has entered into an Acquisition Agreement, dated as of December 15, 1979 (the "Acquisition Agreement"), with Columbia Common Carriers, Inc., a Delaware corporation (the "Charterer"), providing for the acquisition by the Trustee of six barges to be designated 700, 701, 702, 703, 704, and 705 (the "Vessels"; each reference to "Vessel" or "Vessels" herein shall be deemed to include the related Charterer-Furnished Equipment [as such term is defined in the Trust Agreement] unless the context shall indicate otherwise), which Vessels are the subject of a Charter Agreement, dated as of December 15, 1979 (the "Charter"), between the Trustee and the Charterer; and

WHEREAS, the Notes will be secured by separate First Preferred Ship Mortgages (the "Mortgages"), substantially in the form attached to the Loan Agreement as Exhibit B, covering each Vessel; and

WHEREAS, the Notes and the principal thereof and interest and premium, if any, thereon and all additional amounts and other sums at any time due and owing from or required to be paid by the Trustee under the terms of the Notes, this Security Agreement, the Mortgages or the Loan Agreement are hereinafter sometimes referred to as "indebtedness hereby secured"; and

WHEREAS, all of the requirements of law have been fully complied with and all other acts and things necessary to make this Security Agreement a valid, binding and legal instrument for the security of the Notes have been done and performed;

NOW, THEREFORE, in consideration of the premises and of the sum of Ten Dollars received by the Trustee from the Secured Party and other good and valuable consideration, the receipt whereof is hereby acknowledged, and in order to secure the payment of the principal of and interest on the Notes according to their tenor and effect, and to secure the payment of all other indebtedness hereby secured and the performance and observance of all the covenants and conditions in the Notes and in this Security Agreement and in the Mortgages and the Loan Agreement contained:

I. THE SECURED PARTY DOES HEREBY DECLARE THAT it will hold, in trust, all right, title and interest in and to the Mortgages to be executed and delivered by the Trustee to the Secured Party, as mortgagee; and

II. THE TRUSTEE DOES HEREBY sell, convey, warrant, mortgage, assign, pledge, grant a security interest in and hypothecate unto the Secured Party, its successors and assigns forever, all and singular the following described properties, rights, interests and privileges:

A. All right, title and interest of the Trustee in, under and to the Charter and all charter hire and other sums (other than amounts payable to the Trustee or either Trustor pursuant to Section 6 of the Charter) due and to become due thereunder including any and all extensions or renewals thereof; it being the intent and purpose hereof that the assignment and transfer to the Secured Party of said charter hire and other sums due and to become due under the Charter shall be effective and operative immediately upon the execution and delivery of this Security Agreement and shall continue in full force and effect and the Secured Party shall have the right to collect and receive said charter hire and other sums for application in accordance with the provisions of Section 2 hereof at all times during the period from and after the date of this Security Agreement until the indebtedness hereby secured has been fully paid and discharged.

B. All right, title and interest of the Trustee in, under and to that certain Guaranty Agreement, dated as of December 15, 1979 (the "Guaranty Agreement"), entered into by Crowley Maritime Corporation, a Delaware corporation (the "Guarantor"), and all sums due and to become due thereunder.

The above-mentioned right, title and interest of the Secured Party in and to the Mortgages, the Charter and

the Guaranty Agreement are hereinafter collectively called the "Collateral".

TO HAVE AND TO HOLD the Collateral unto the Secured Party, its successors and assigns forever, IN TRUST NEVERTHELESS, upon the terms herein set forth, for the equal and proportionate benefit, security and protection of the holders of the Notes outstanding under the Loan Agreement, without preference, priority or distinction of any Note over any other Note by reason of priority at the time of issue, sale, negotiation, date of maturity thereof or otherwise for any cause whatsoever (except pursuant to the provisions of the Mortgages); provided always, however, that these presents are upon the express condition that if the Trustee shall pay or cause to be paid all the indebtedness hereby secured and shall observe, keep and perform all the terms and conditions, covenants and agreements herein and in the Loan Agreement, the Mortgages and the Notes contained, then these presents and the rights hereunder shall cease and this Security Agreement shall become null and void; otherwise, to remain in full force and effect.

SECTION 1. COVENANTS AND WARRANTIES.

The Trustee covenants, warrants and agrees as follows:

1.1. Further Assurances. The Trustee will, at its own expense, execute, acknowledge and deliver all and every further acts, deeds, conveyances, transfers and assurances necessary or proper for the better assuring, conveying, assigning and confirming unto the Secured Party all of the Collateral, or property intended to be included therein, whether now owned or hereafter acquired. Without limiting the foregoing but in furtherance of the assignment of charter hire and other sums (other than amounts payable to the Trustee or either Trustor pursuant to Section 6 of the Charter) due and to become due under the Charter and the Guaranty Agreement, the Trustee covenants and agrees that it will notify the Charterer and the Guarantor of such assignment and direct and cause the Charterer and the Guarantor to make all payments of such charter hire and other sums (other than amounts payable to the Trustee or either Trustor pursuant to Section 6 of the Charter) due and to become due under the Charter and the Guaranty Agreement to the Secured Party.

1.2. After-Acquired Property. Any and all property described or referred to in the granting clause hereof which is hereafter acquired shall ipso facto, and without any further conveyance, assignment or act on the part of the Trustee or the Secured Party become and be, subject to the lien of this Security Agreement, as fully and completely as though specifically described herein, but nothing in this Section 1.2 contained shall be deemed to modify or change the obligation of the Trustee under Section 1.1 hereof.

1.3. Recordation and Filing. The Trustee will cause all financing and continuation statements and similar notices required by applicable law, at all times to be kept, recorded and filed at its

own expense, in such manner and in such places as may be required by law in order to fully preserve and protect the rights of the Secured Party hereunder.

1.4. Exercise of Remedies; Modifications of the Charter.
The Trustee will not:

(a) declare a default or exercise the remedies of the Owner under, or terminate, modify or accept a surrender of, or offer or permit any termination, modification or surrender of, the Charter (except as otherwise expressly provided herein or in the Mortgages) or the Guaranty Agreement, or consent to the creation or existence of any mortgage or other lien to secure the payment of indebtedness upon the estate created by the Charter or any part thereof; or

(b) receive or collect or permit the receipt or collection of any charter hire payment under the Charter prior to the date for payment thereof provided for by the Charter or assign, transfer or hypothecate (other than to the Secured Party hereunder) any charter hire payment then due or to accrue in the future under the Charter in respect of the Collateral; or

(c) sell, mortgage, transfer, assign or hypothecate (other than to the Secured Party hereunder) its interest in the Vessels or any part thereof or in any amount to be received by it from the use or disposition of the Vessels.

1.5. Power of Attorney in Respect of the Charter. The Trustee does hereby irrevocably constitute and appoint the Secured Party its true and lawful attorney with full power of substitution, for it and in its name, place and stead, to ask, demand, collect, receive, receipt for, sue for, compound and give acquittance for any and all charter hire, income and other sums which are assigned under the granting clause hereof with full power to settle, adjust or compromise any claim thereunder as fully as the Trustee could itself do, and to endorse the name of the Trustee on all commercial paper given in payment or in part payment thereof, and in its discretion to file any claim or take any other action or proceedings, either in its own name or in the name of the Trustee, or otherwise, which the Secured Party may deem necessary or appropriate to collect any and all sums which may be or become due or payable under the Charter or the Guaranty Agreement, or which may be necessary or appropriate to protect and preserve the right, title and interest of the Secured Party in and to such charter hire and other sums and the security intended to be afforded hereby.

SECTION 2. APPLICATION OF ASSIGNED CHARTER HIRE AND CERTAIN OTHER MONEYS.

2.1. So long as no "Event of Default" as defined in Section 3 hereof has occurred and is continuing:

(a) the amounts from time to time paid by the Charterer which constitute payment of an installment of "Periodic Charter Hire" under the Charter shall be applied as follows:

FIRST, to the payment of the installments of interest on the Notes which have matured or will mature on or before the due date of the installment of such Periodic Charter Hire which is received by the Secured Party; and

SECOND, to the payment of the installments of principal on the Notes which have matured or will mature on or before the due date of the installment of such Periodic Charter Hire which is received by the Secured Party; and

THIRD, the balance, if any, to or upon the order of the Trustee;

(b) the amounts from time to time paid by the Charterer which constitute payment of an amount equal to the "Casualty Value" of a Vessel pursuant to Section 11 of the Charter shall be paid and applied as follows:

FIRST, to the payment of accrued and unpaid interest on the principal amount of Notes to be prepaid pursuant to the following clause Second; and

SECOND, to the prepayment of principal of the Notes in an amount equal to the Loan Value of such Vessel and each of the remaining installments of each Note shall be reduced in the proportion that the principal amount of the prepayment bears to the unpaid principal amount of such Note immediately prior to the prepayment; and

THIRD, the balance, if any, to or upon the order of the Trustee; and

(c) the amounts from time to time paid by the Charterer which constitute payment of an amount equal to the "Termination Value" of a Vessel pursuant to Section 11 of the Charter shall be paid and applied as follows:

FIRST, to the payment of accrued and unpaid interest on the principal amount of Notes to be prepaid pursuant to the following clause Second; and

SECOND, to the prepayment of principal of the Notes in an amount equal to the Loan Value of such Vessel together with a premium thereon equal to the following respective percentages of such principal amount being prepaid:

| <u>If Prepaid in the 6-Month Period Ending</u> | <u>Premium (Percentage of Principal Amount Being Prepaid)</u> |
|--|---|
| January 3, 1991 | 5.10420% |
| July 3, 1991 | 4.76392% |
| January 3, 1992 | 4.42364% |
| July 3, 1992 | 4.08336% |
| January 3, 1993 | 3.74308% |
| July 3, 1993 | 3.40280% |
| January 3, 1994 | 3.06252% |
| July 3, 1994 | 2.72224% |
| January 3, 1995 | 2.38196% |
| July 3, 1995 | 2.04168% |
| January 3, 1996 | 1.70140% |
| July 3, 1996 | 1.36112% |
| January 3, 1997 | 1.02084% |
| July 3, 1997 | .68056% |
| January 3, 1998 | .34028% |
| July 3, 1998 | None |

and each of the remaining installments of each Note shall be reduced in the proportion that the principal amount of the prepayment bears to the unpaid principal amount of such Note immediately prior to the prepayment; and

THIRD, the balance, if any, to or upon the order of the Trustee.

2.2. If at the time any application is made pursuant to Section 2.1 more than one Note is outstanding, the application shall be made on the outstanding Notes ratably in accordance with the principal amount remaining unpaid thereon.

2.3. At the time any application is made pursuant to Section 2.1(b) or (c), the Trustee shall deliver to the Secured Party two copies of an amortization schedule with respect to each Note

then outstanding, setting forth the amount of the installment payments to be made on such Note after the date of such application and the unpaid principal balance of such Note after each such installment payment.

2.4. The term "Loan Value" for any Vessel shall mean as of any date an amount equal to the product of (i) a fraction, the numerator of which is an amount equal to Lessor's Cost (as defined in the Charter) of such Vessel, and the denominator of which is the aggregate Lessor's Cost of all Vessels then subject to the Charter (including the Vessel for which settlement is then being made), times (ii) the unpaid principal amount of the Notes immediately prior to the prepayment provided for in Section 2.1(b) or (c) hereof, as the case may be.

2.5. If an "Event of Default" as defined in Section 3 hereof has occurred and is continuing, all amounts covered by the granting clause hereof shall be paid directly to the Secured Party and shall be applied in the manner provided for in Section 2.5 of the Mortgages.

2.6. All amounts received by the Secured Party under the assignment of the Guaranty Agreement provided for in the granting clauses hereof shall be applied in the manner provided for in Section 2.5 of the Mortgages.

SECTION 3. DEFAULTS AND OTHER PROVISIONS.

3.1. The terms and provisions of Section 2.1 of the Mortgages are incorporated herein by reference to the same extent as though fully set forth herein and the Trustee agrees that when an "Event of Default" as defined in Section 2.1 of the Mortgages has occurred and is continuing, the Secured Party shall, subject to the then existing rights, if any, of the Charterer under the Charter and subject to the right of the Trustee to cure certain defaults as set forth in said Section 2.1, in addition to its rights, options, duties and remedies under the Mortgages, have the rights, options, duties and remedies of a secured party under the Uniform Commercial Code of Illinois (regardless of whether such Code or a law similar thereto has been enacted in a jurisdiction wherein the rights or remedies are asserted) and without limiting the foregoing, the Secured Party may exercise any one or more or all, and in any order, of the remedies hereinafter set forth, it being expressly understood that no remedy herein conferred is intended to be exclusive of any other remedy or remedies; but each and every remedy shall be cumulative and shall be in addition to every other remedy given herein or now or hereafter existing at law or in equity or by statute:

(a) The Secured Party may, by notice in writing to the Trustee, declare the entire unpaid balance of the Notes to be immediately due and payable; and thereupon all such unpaid balance, together with all accrued interest and premium, if any, thereon, shall be and become immediately due and payable;

(b) Subject to the then existing rights, if any, of the Charterer under the Charter, the Secured Party may proceed to protect and enforce this Security Agreement and the Notes by suit or suits or proceedings in equity, at law or in bankruptcy, and whether for the specific performance of any covenant or agreement herein contained or in execution or aid of any power herein granted; or for foreclosure hereunder, or for the appointment of a receiver or receivers for the Collateral or any part thereof or, subject to the provisions of Section 4 hereof, for the recovery of judgment for the indebtedness hereby secured, or for the enforcement of any other proper, legal or equitable remedy available under applicable law; and

(c) Subject always to the then existing rights, if any, of the Charterer under the Charter, the Secured Party may proceed to exercise all rights, privileges and remedies of the Trustee under the Charter, and may exercise all such rights and remedies either in the name of the Secured Party or in the name of the Trustee for the use and benefit of the Secured Party.

3.2. No delay or omission of the Secured Party or of any holder of the Notes to exercise any right or power arising from any default on the part of the Trustee, shall exhaust or impair any such right or power or prevent its exercise during the continuance of such default. No waiver by the Secured Party, or any holder of any Note of any such default, whether such waiver be full or partial, shall extend to or be taken to affect any subsequent default, or to impair the rights resulting therefrom, except as may be otherwise provided herein. No remedy hereunder is intended to be exclusive of any other remedy but each and every remedy shall be cumulative and in addition to any and every other remedy given hereunder or otherwise existing. Nor shall the giving, taking or enforcement of any other or additional security, collateral or guaranty for the payment of the indebtedness secured under this Security Agreement operate to prejudice, waive or affect the security of this Security Agreement or any rights, powers or remedies hereunder, nor shall the Secured Party or the holder of any of the indebtedness hereby secured be required to first look to, enforce or exhaust such other additional security, collateral or guaranties.

SECTION 4. THE SECURED PARTY.

4.1. (a) Except during the continuance of an Event of Default:

(1) the Secured Party undertakes to perform such duties and only such duties as are specifically set forth in this Security Agreement and the Mortgages and

no implied covenants or obligations shall be read into this Security Agreement or the Mortgages against the Secured Party; and

(2) in the absence of bad faith on its part, the Secured Party may conclusively rely, as to the truth of the statements and the correctness of the opinions expressed therein, upon certificates or opinions furnished to the Secured Party and conforming to the requirements of this Security Agreement, the Mortgages or the Charter.

(b) In case an Event of Default has occurred and is continuing, the Secured Party shall exercise such of the rights and powers vested in it by this Security Agreement, and use the same degree of care and skill in their exercise, as a prudent man would exercise or use under the circumstances in the conduct of his own affairs.

(c) No provision of this Security Agreement shall be construed to relieve the Secured Party from liability for its own negligent action, its own negligent failure to act or its own willful misconduct, except that:

(1) this subsection shall not be construed to limit the effect of subsection (a) of this Section;

(2) the Secured Party shall not be liable to the holders of the Notes for any error of judgment made in good faith by an officer of the Secured Party unless it shall be proved that the Secured Party was negligent in ascertaining the pertinent facts;

(3) the Secured Party shall not be liable to the holders of the Notes with respect to any action taken or omitted to be taken by it in good faith in accordance with the direction of the holders of two-thirds principal amount of the Notes outstanding relating to the time, method and place of conducting any proceeding for any remedy available to the Secured Party, or exercising any trust or power conferred upon the Secured Party under this Security Agreement or the Mortgages; and

(4) no provision of this Security Agreement shall require the Secured Party to expend or risk its own funds or otherwise incur any financial liability in the performance of any of its duties hereunder, or in the exercise of any of its rights or powers, if it shall have reasonable grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not reasonably assured to it.

(d) Whether or not therein expressly so provided, every provision of this Security Agreement relating to the conduct or affecting the liability of or affording protection to the Secured Party shall be subject to the provisions of this Section.

4.2. The Secured Party shall be entitled to reasonable compensation for all services rendered in and about the administration of the trusts herein provided for and in and about foreclosure, enforcement or other protection of this Security Agreement or the Mortgages or the lien hereof or thereof, and the Trustee agrees to pay such compensation and to indemnify the Secured Party against any liability or damages incurred or sustained by it under this Security Agreement. Without limiting the foregoing, the Secured Party shall have a lien for such compensation and indemnity, as well as for all out-of-pocket expenses and counsel fees and court costs incurred by the Secured Party in any foreclosure, enforcement or other protection of this Security Agreement or the Mortgages or the lien hereof or thereof, on the Collateral and the Trust Estate.

4.3. The Secured Party shall not be responsible for any recitals herein or in the Loan Agreement or the Mortgages or for insuring the Vessels, or for the recording, filing or refiling of this Security Agreement or the Mortgages, or of any supplemental or further mortgage or trust deed, nor shall the Secured Party be bound to ascertain or inquire as to the performance or observance of any covenants, conditions or agreements on the part of the Trustee contained herein or in the Loan Agreement or the Mortgages.

4.4. Notwithstanding anything elsewhere in this Security Agreement contained, the Secured Party shall have the right, but shall not be required to demand in respect of withdrawal of any cash, the release of any property, the subjection of any after-acquired property to the lien of this Security Agreement or the Mortgages, or any other action whatsoever within the purview hereof, any showings, certificates, opinions, appraisals or other information by the Secured Party deemed necessary or appropriate in addition to the matters by the terms hereof required as a condition precedent to such action.

4.5. All moneys received by the Secured Party shall, until used or applied as herein provided, be held in trust for the purposes for which they were received, but need not be segregated in any manner from any other moneys, except to the extent required by law, and may be deposited by the Secured Party under such general conditions as may be prescribed by law in the Secured Party's general banking department, and the Secured Party shall be under no liability for interest on any moneys received by it hereunder. The Secured Party and any affiliated corporation may become the owner of any Note secured hereby and be interested in any financial transaction with the Trustee or any affiliated corporation, or the Secured Party may act as depositary or otherwise in respect to other securities of the Trustee or any affiliated corporation, all with the same rights which it would have if not the Secured Party.

4.6. The Secured Party shall at all times be a bank or trust company which is a trustee approved by the Secretary of Commerce pursuant to Sections 9 and 37 of the Shipping Act, 1916, as amended, and Subsection O of the Ship Mortgage Act, 1920, as amended.

4.7. The Secured Party may at any time, by giving written notice to the Trustee, resign. Within ten days thereafter, the Secured Party shall give notice of such resignation to the holders of the Notes.

4.8. The Secured Party may at any time be removed by:

(a) written notice to the Secured Party and the Trustee by the holders of the Notes; or

(b) Notice of Proposed Finding of Lack of Qualification of the Secured Party published by the Secretary of Commerce pursuant to General Order 107, as now or hereafter amended (46 CFR, Part 221), which shall not have been withdrawn within five days after such publication.

4.9. Any resignation or removal of the Secured Party shall be effective only upon appointment of a successor Secured Party and the latter's acceptance.

4.10. If the Secured Party shall have given notice of resignation to the Trustee pursuant to Section 4.7, if notice of removal shall have been given to the Secured Party and the Trustee pursuant to Section 4.8(a), or if the five-day period referred to in Section 4.8(b) shall have expired, a successor Secured Party may be appointed by the Trustee or, if such successor Secured Party shall not have been so appointed or shall not have accepted such appointment within fifteen calendar days after the giving of such notice of resignation, the giving of any such notice of removal or the expiration of the five-day period referred to in Section 4.8(b), as the case may be, such successor Secured Party may be appointed by the Trustee, the holder of any outstanding Note or, upon application of the retiring Secured Party by any court of competent jurisdiction.

4.11. Any company into which the Secured Party, or any successor to it in the trust created by this Security Agreement, may be merged or converted or with which it or any successor to it may be consolidated or any company resulting from any merger or consolidation to which the Secured Party or any successor to it shall be a party (provided such company shall be a trustee approved by the Secretary of Commerce), shall be the successor to the Secured Party under this Security Agreement without the execution or filing of any paper or any further act on the part of any of the parties hereto. The Trustee covenants that in case of any such merger, consolidation or conversion it will, upon the request of the merged, consolidated or converted corporation, execute, acknowledge and

cause to be recorded or filed suitable instruments in writing to confirm the estates, rights and interests of such corporation as trustee under this Security Agreement.

4.12. Should any deed, conveyance or instrument in writing from the Trustee be required by any successor for more fully and certainly vesting in and confirming to such new Secured Party such estates, rights, powers and duties, then upon request any and all such deeds, conveyances and instruments in writing shall be made, executed, acknowledged and delivered, and shall be caused to be recorded and/or filed, by the Trustee.

4.13. Any new Secured Party appointed pursuant to any of the provisions hereof shall execute, acknowledge and deliver to the Trustee an instrument accepting such appointment; and thereupon such new Secured Party, without any further act, deed or conveyance, shall become vested with all the estates, properties, rights, powers and trusts of its predecessor in the rights hereunder with like effect as if originally named herein; but nevertheless, upon the written request of the Trustee or of the successor Secured Party, the Secured Party ceasing to act shall execute and deliver an instrument transferring to such successor Secured Party, upon the trusts herein expressed, all the estates, properties, rights, powers and trusts of the Secured Party so ceasing to act, and shall duly assign, transfer and deliver any of the property and moneys held by such Secured Party to the successor Secured Party so appointed in its or his place.

SECTION 5. LIMITATIONS OF LIABILITY.

Anything in this Security Agreement, the Mortgages, the Loan Agreement, the Notes, the Charter, any certificate, opinion or document of any nature whatsoever to the contrary notwithstanding, neither the Secured Party nor the holder of any Note nor their respective successors or assigns shall have any claim, remedy or right to proceed (at law or in equity) against the Trustee, in its fiduciary capacity or individual capacity, or either Trustor (except, in the case of the Trustors pursuant to Sections 5(c) and 5(d) of the Trust Agreement, and in the case of the Trustee pursuant to Section 6(d) of the Trust Agreement, and except for such person's gross negligence or willful misconduct), for the payment of any deficiency or any other sum owing on account of the indebtedness evidenced by the Notes or for the payment of any liability resulting from the breach of any representation, agreement or warranty of any nature whatsoever from any source other than the property mortgaged or assigned by the Trustee as security for the Notes; and the Secured Party and the holders of the Notes by acceptance thereof waive and release any personal liability of the Trustee, in its fiduciary capacity and in its individual capacity, and each Trustor (except, in the case of the Trustors pursuant to Sections 5(c) and 5(d) of the Trust Agreement, and in the case of the Trustee pursuant to Section 6(d) of the Trust Agreement, and except for such person's gross negligence or willful misconduct) for and on

account of such indebtedness or such liability and the Secured Party and the holders of the Notes agree to look solely to the property mortgaged or assigned by the Trustee as security for the Notes for the payment of said indebtedness or the satisfaction of such liability; provided, however, nothing herein contained shall limit, restrict or impair the rights of the Secured Party and the holders of the Notes to accelerate the maturity of the Notes upon a default thereunder; to bring suit and obtain a judgment against the Trustee on the Notes (provided that neither the Trustee, in its fiduciary capacity or individual capacity, nor either Trustor [except pursuant to Section 5(d) of the Trust Agreement] shall have any personal liability on any such judgment and the satisfaction thereof shall be limited to the property mortgaged or assigned by the Trustee as security for the Notes, including any interest therein of the Trustee or either Trustor) or, subject to the terms and conditions of the Charter, to foreclose the lien of this Security Agreement or otherwise realize upon the property mortgaged or assigned by the Trustee as security for the Notes.

SECTION 6. MISCELLANEOUS.

6.1. Successors and Assigns. Whenever any of the parties hereto is referred to such reference shall be deemed to include the successors and assigns of such party; and all the covenants, premises and agreements in this Security Agreement contained by or on behalf of the Trustee or by or on behalf of the Secured Party, shall bind and inure to the benefit of the respective successors and assigns of such parties whether so expressed or not.

6.2. Partial Invalidity. The unenforceability or invalidity of any provision or provisions of this Security Agreement shall not render any other provision or provisions herein contained unenforceable or invalid, provided that nothing contained in this Section 6.2 shall be construed to be in derogation of any rights or immunities of the Trustee, in its fiduciary or individual capacity, or either Trustor under Section 5 hereof, or to amend or modify any limitations or restrictions of the Secured Party or the holder of any Note or their respective successors or assigns under said Section 5.

6.3. Communications. All communications provided for herein shall be in writing and shall be deemed to have been given (unless otherwise required by the specific provisions hereof in respect of any matter) when delivered personally or when deposited in the United States mail, registered, postage prepaid, addressed as follows:

If to the Trustee: Trust Company for USL, Inc.,
Trustee under CMC Trust No. 79-1
1211 West 22nd Street
Oak Brook, Illinois 60521

(with a copy to)

United States Lease Financing, Inc.
633 Battery Street
San Francisco, California 94111

Attention: Vice President--Operations

If to the Secured
Party:

Wells Fargo Bank, National Association
P. O. Box 44011
San Francisco, California 94144

Attention: Corporate Trust Department

or to the Trustee or the Secured Party at such other address as the Trustee or the Secured Party may designate by notice duly given in accordance with this Section to the other party.

6.4. Release. The Secured Party shall release this Security Agreement and the security interest granted hereby by proper instrument or instruments when all indebtedness hereby secured has been fully paid or discharged.

6.5. Counterparts. This Security Agreement may be executed, acknowledged and delivered in any number of counterparts, each of such counterparts constituting an original but all together only one Security Agreement.

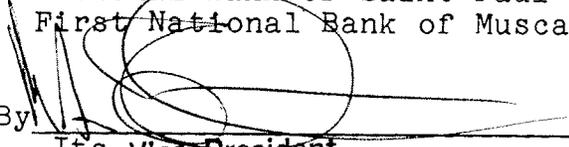
6.6. Headings. Any headings or captions preceding the text of the several Sections hereof are intended solely for convenience of reference and shall not constitute a part of this Security Agreement nor shall they affect its meaning, construction or effect.

6.7. Governing Law. This Security Agreement shall be governed by and construed in accordance with the laws of the State of Illinois.

IN WITNESS WHEREOF, the Trustee and the Secured Party have caused this Security Agreement to be executed as of the day and year first above written.

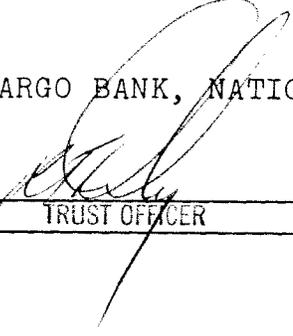
[SEAL]

TRUST COMPANY FOR USL, INC.,
not in its personal or corporate
capacity but solely as Trustee
under Trust Agreement, dated as
of December 1, 1979, as amended
and restated as of December 15,
1979, for the benefit of The First
National Bank of Saint Paul and
First National Bank of Muscatine

By 
Its Vice President

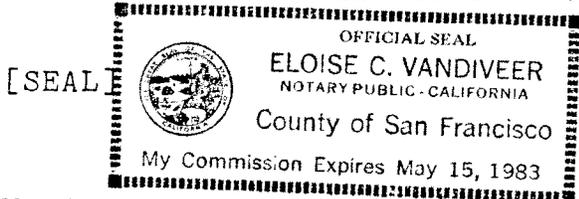
[SEAL]

WELLS FARGO BANK, NATIONAL ASSOCIATION

By 
Its TRUST OFFICER

STATE OF ILLINOIS)
) SS
COUNTY OF COOK)

On this 20th day of February, 1980, before me personally appeared MARVIN L. FERENSTEIN, to me personally known, who being by me duly sworn, says that he is a Vice President of TRUST COMPANY FOR USL, INC., an Illinois trust company, that one of the seals affixed to the foregoing instrument is the seal of said trust company, that said instrument was signed and sealed on behalf of said trust company by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said trust company.

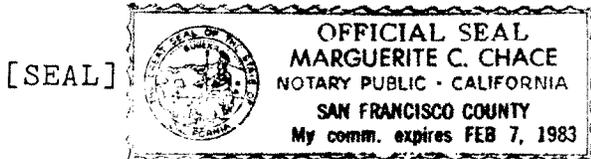


Eloise C. Vandiveer
Notary Public

My Commission expires: May 15, 1983

STATE OF CALIFORNIA)
) SS
CITY AND COUNTY OF SAN FRANCISCO)

On this 20th day of FEBRUARY, 1980, before me personally appeared R. S. Drexler, to me personally known, who being by me duly sworn, says that he is a TRUST OFFICER of WELLS FARGO BANK, NATIONAL ASSOCIATION, a national banking association, that one of the seal affixed to the foregoing instrument is the seal of said bank, that said instrument was signed and sealed on behalf of said bank by authority of its Board of Directors; and he acknowledged that the execution of the foregoing instrument was the free act and deed of said bank.



Marguerite C. Chace
Notary Public

One Embarcadero Center, San Francisco, CA 94111
My Commission expires:

FEB. 7, 1983